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BUSINESS ACQUISITION AND IMPLEMENTATION

By

Michael P. Wischnewski

Scholarly Paper submitted to the Faculty of the Graduate Program in Project Management of the University of Maryland, College Park, in partial fulfillment of the requirements for the degree of Master of Science in Civil Engineering

2006

REPORT DOCUMENTATION PAGE

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14. ABSTRACT

I am proposing that this technical paper be broken down into two phases. Phase one will consist of business and land acquisition. Phase two will consist of business implementation. The business acquisition phase will document the process of forming a limited liability company (LLC) from a sole proprietorship with the intention of real estate development and personal asset protection. I do not require a business license but I will need to advertise. I will also develop a system to properly account for my taxes and minimize risk. In the second part of phase one, land acquisition, I will conduct market research and a feasibility study. I will also generate a business plan for future financing. The real estate development company will be called "RENT-ASA LLC" or from here on simply referred to as ASA. Once the land has been identified, purchased, and developed, I intend to start a second company. In phase two, business implementation, this second company will consist of a business to facilitate leadership development in corporations, community organizations and youth groups within the DC and Baltimore are. I will create a mission statement and develop activities. This leadership company will be called DELTA Venture. I will create a schedule with milestones and a communications plan.

15. SUBJECT TERMS

16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
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Advisor

Professor Neil Schulman

Project Management Program,

Department of Civil and Environmental Engineering

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[2006]

Executive Summary

I am proposing that this technical paper be broken down into two phases. Phase one will consist of business and land acquisition. Phase two will consist of business implementation. The business acquisition phase will document the process of forming a limited liability company (LLC) from a sole proprietorship with the intention of real estate development and personal asset protection. I do not require a business license but I will need to advertise. I will also develop a system to properly account for my taxes and minimize risk. In the second part of phase one, land acquisition, I will conduct market research and a feasibility study. I will also generate a business plan for future financing. This real estate development company will be called "RENT-ASA LLC" or from here on simply referred to as "ASA". Once the land has been identified, purchased, and developed, I intend to start a second company. In phase two, business implementation, this second company will consist of a business to facilitate leadership development in corporations, community organizations and youth groups within the DC and Baltimore area. I will create a mission statement and develop activities. This leadership company will be called DELTA Venture. I will create a schedule with milestones and a communications plan. Finally, I will provide conclusions and recommendations.

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Table 1

Task Name	Duration	Start	Finish	Free Slack	Total Slack
Start	0 days	5-Jun	5-Jun	0 days	1 day
Determine Milestones	1 day	5-Jun	5-Jun	0 days	1 day
Communication Plan	1 day	5-Jun	5-Jun	37 days	37 days
Determine Paper Format	2 days	6-Jun	7-Jun	0 days	22 days
Conduct Market Research	8 days	6-Jun	13-Jun	0 days	14 days
Draft a Mission Statement	1 day	6-Jun	6-Jun	0 days	14 days
Determine Activities	22 days	7-Jun	28-Jun	14 days	14 days
Research "How to" Start Business	2 days	7-Jun	8-Jun	0 days	0 days
Table of Contents	1 day	8-Jun	8-Jun	0 days	22 days
Executive Summary	4 days	9-Jun	12-Jun	0 days	22 days
Register Business	25 days	9-Jun	3-Jul	0 days	0 days
Organize Taxes	1 day	13-Jun	13-Jun	22 days	22 days
Perform Feasibility Study	15 days	14-Jun	28-Jun	14 days	14 days
Submit Articles of Organization	1 day	4-Jul	4-Jul	0 days	0 days
Advertise the Business (Website)	5 days	5-Jul	9-Jul	3 days	3 days
Draft Operating Agreement	2 days	5-Jul	6-Jul	0 days	5 days
Apply for EIN	6 days	5-Jul	10-Jul	0 days	0 days
Business Plan	7 days	6-Jul	12-Jul	0 days	0 days
First Meeting with Minutes	1 day	7-Jul	7-Jul	5 days	5 days
Submit Form R-1 to VA Dept of Taxation	2 days	11-Jul	12-Jul	0 days	0 days
Conclusions	1 day	13-Jul	13-Jul	0 days	0 days
Recommendations	1 day	14-Jul	14-Jul	0 days	0 days
Hand-in paper	0 days	14-Jul	14-Jul	0 days	0 days

List of Figures

Figure 1

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

LLC-1011 **ARTICLES OF ORGANIZATION OF A**
(04/06) **DOMESTIC LIMITED LIABILITY COMPANY**

Pursuant to Chapter 12 of Title 13.1 of the Code of Virginia the undersigned states as follows:

1. The name of the limited liability company is

_____RENT-ASA LLC_____.
(The name must contain the words **limited company** or **limited liability company** or the abbreviation **L.C.**, **LC**, **L.L.C.** or **LLC**)

2. A. The name of the limited liability company's initial registered agent is

_____Michael Paul Wischnewski_____.

B. The registered agent is **(mark appropriate box):**

(1) an INDIVIDUAL who is a resident of Virginia **and**
XX a member or manager of the limited liability company.
☐ a member or manager of a limited liability company that is a member or manager of the limited liability company.
☐ an officer or director of a corporation that is a member or manager of the limited liability company.
☐ a general partner of a general or limited partnership that is a member or manager of the limited liability company.
☐ a trustee of a trust that is a member or manager of the limited liability company.
☐ a member of the Virginia State Bar.

OR

(2) ☐ a domestic or foreign stock or nonstock corporation, limited liability company or
registered limited liability partnership authorized to transact business in Virginia.

3. The limited liability company's initial registered office address, including the street and number,
if any, which is identical to the business office of the initial registered agent, is

__60 Cherry Laurel Drive Fredericksburg_____,VA _____22405_,
(number/street) (city or town)
(zip)

which is physically located in the XX county **or** ☐ city of Stafford_____.

4. The limited liability company's principal office address, including the street and number, is

__60 Cherry Laurel Drive Fredericksburg, VA 22405__.
(number/street) (city or town) (state)
(zip)

5. Organizer(s):

_____ _____26 June 2006_____
(signature)
(date)

_____Michael Paul Wischnewski_____ _____
(printed name) (telephone number (optional))

Figure 2

County of Stafford

BOARD OF SUPERVISORS
GARY D. PASH
CHAIRMAN

GARY F. SNELLINGS
VICE CHAIRMAN

JACK R. CAVALIER
PETER J. FIELDS
ROBERT C. GIBBONS
KANDY A. HILLIARD
MARK W. OSBOURN

1300 COURTHOUSE ROAD
P.O. BOX 339
STAFFORD, VIRGINIA 22555-0339

PHONE: (540) 658-8603
METRO: (703) 690-8222
FAX: (540) 658-7643
http://co.stafford.va.us

COUNTY ADMINISTRATOR
STEVE CROSBY

To Whom It May Concern:

Thank you for inquiring to the Department of Stafford County Economic Development about starting a business in Stafford County.

As requested, we are writing to you today to confirm that Stafford County **does not require**, nor does it provide applications for, a general county Business License. However, depending on the type of business you are developing, you may be required to apply for other specialty licenses or permits from Stafford County and the Commonwealth of Virginia.

As you continue through the process of developing your business in Stafford County, please reference this letter for any inquiring organizations.

If we can be of further assistance, please feel free to call us, or direct inquiring organizations to contact us at 800-325-2059, or 540-658-8681. You may also visit our website at www.GoStaffordVa.com.

Sincerely,

Bob Carter, Assistant Director
Stafford County Economic Development

[1] www.gostaffordva.com/admin/

Figure 3

Form **SS-4**
(Rev. December 2001)
Department of the Treasury
Internal Revenue Service

Application for Employer Identification Number
(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)
▶ See separate instructions for each line. ▶ Keep a copy for your records.

EIN
OMB No. 1545-0003

Type or print clearly.

1 Legal name of entity (or individual) for whom the EIN is being requested

2 Trade name of business (if different from name on line 1) | 3 Executor, trustee, "care of" name

4a Mailing address (room, apt., suite no. and street, or P.O. box) | 5a Street address (if different) (Do not enter a P.O. box.)

4b City, state, and ZIP code | 5b City, state, and ZIP code

6 County and state where principal business is located

7a Name of principal officer, general partner, grantor, owner, or trustor | 7b SSN, ITIN, or EIN

8a **Type of entity** (check only one box)
- ☐ Sole proprietor (SSN) ____
- ☐ Partnership
- ☐ Corporation (enter form number to be filed) ▶ ____
- ☐ Personal service corp.
- ☐ Church or church-controlled organization
- ☐ Other nonprofit organization (specify) ▶ ____
- ☐ Other (specify) ▶
- ☐ Estate (SSN of decedent) ____
- ☐ Plan administrator (SSN) ____
- ☐ Trust (SSN of grantor) ____
- ☐ National Guard ☐ State/local government
- ☐ Farmers' cooperative ☐ Federal government/military
- ☐ REMIC ☐ Indian tribal governments/enterprises

Group Exemption Number (GEN) ▶ ____

8b If a corporation, name the state or foreign country (if applicable) where incorporated | State | Foreign country

9 **Reason for applying** (check only one box)
- ☐ Started new business (specify type) ▶ ____
- ☐ Hired employees (Check the box and see line 12.)
- ☐ Compliance with IRS withholding regulations
- ☐ Other (specify) ▶
- ☐ Banking purpose (specify purpose) ▶ ____
- ☐ Changed type of organization (specify new type) ▶ ____
- ☐ Purchased going business
- ☐ Created a trust (specify type) ▶ ____
- ☐ Created a pension plan (specify type) ▶ ____

10 Date business started or acquired (month, day, year) | 11 Closing month of accounting year

12 First date wages or annuities were paid or will be paid (month, day, year). **Note:** *If applicant is a withholding agent, enter date income will first be paid to nonresident alien. (month, day, year)* . . . . . ▶

13 Highest number of employees expected in the next 12 months. **Note:** *If the applicant does not expect to have any employees during the period, enter "-0-."* . . . . . ▶ | Agricultural | Household | Other

14 Check **one** box that best describes the principal activity of your business.
☐ Construction ☐ Rental & leasing ☐ Transportation & warehousing ☐ Health care & social assistance ☐ Accommodation & food service ☐ Wholesale-agent/broker ☐ Wholesale-other ☐ Retail
☐ Real estate ☐ Manufacturing ☐ Finance & insurance ☐ Other (specify)

15 Indicate principal line of merchandise sold; specific construction work done; products produced; or services provided.

16a Has the applicant ever applied for an employer identification number for this or any other business? . . . . ☐ Yes ☐ No
Note: *If "Yes," please complete lines 16b and 16c.*

16b If you checked "Yes" on line 16a, give applicant's legal name and trade name shown on prior application if different from line 1 or 2 above.
Legal name ▶ Trade name ▶

16c Approximate date when, and city and state where, the application was filed. Enter previous employer identification number if known.
Approximate date when filed (mo., day, year) | City and state where filed | Previous EIN

Third Party Designee
Complete this section **only** if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.
Designee's name | Designee's telephone number (include area code) ( )
Address and ZIP code | Designee's fax number (include area code) ( )

Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.
Applicant's telephone number (include area code) ( )
Name and title (type or print clearly) ▶
Applicant's fax number (include area code) ( )
Signature ▶ Date ▶

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 16055N Form **SS-4** (Rev. 12-2001)

2

[2] www.irs.gov/

Figure 4

Form R-1

Virginia Department of Taxation
Business Registration Application

For Office Use Only	
Operator	Date Processed

iReg **Register a new business online using iReg at www.tax.virginia.gov**

- **Please read instructions carefully before completing this form.**
- For assistance call 804-367-8037.
- Completed form can either be mailed or faxed to: **Registration Unit Virginia Department of Taxation**
  P. O. Box 1114
  Richmond, VA 23218-1114
  FAX Number (804) 367-2603

Reason For Submitting This Form

Check One

- ☐ **New Business - Never Registered**
  Complete Sections I through V.
- ☐ **Add Tax Types to Existing Registration**
  Complete Sections I, II, and V, and update Sections III and IV, if changed.
- ☐ **Add Additional Locations to Existing Registration**
  Complete Sections I, II, and V, and update Sections III and IV, if changed.

Section I - Business Information

1 Entity Type - Check One

☐ C Corporation	☐ Limited Liability Company (LLC)	☐ Virginia State Government	☐ Bank
☐ S Corporation	☐ Sole Proprietor	☐ Federal Government	☐ Savings and Loan
☐ General Partnership	☐ Non-Profit Organization	☐ Local Government	☐ Credit Union
☐ Limited Partnership	☐ Non-Profit Corporation	☐ Other State Gov't (not VA)	☐ Cooperative
☐ Limited Liability Partnership (LLP)	☐ Estate/Trust	☐ Other Government	☐ Other Business
		☐ Public Service	

2 Business Name - Enter full legal name of business. Sole proprietors, enter owner's name (first, middle initial, last).

3 Taxpayer Identification Number

a. **FEIN** - Enter your Federal Employer Identification Number (FEIN). All businesses must have a FEIN, except for the Sole Proprietors who are not required by IRS to have one.

b. **SSN** - If you are a Sole Proprietor and are not required by the IRS to have a FEIN, enter your Social Security Number (SSN).

☐ Check here if you have applied for a FEIN or SSN, but have not yet received the number.

4 Principal Business Activity - Enter the code and its description that describes your business (see instructions).

Code	Description

5 Primary Mailing Address

Street Address or P.O. Box	City, State and ZIP Code

6 Business Formation - If a corporation, enter the state and the date of its incorporation. All others, enter the state and date of formation.

Incorporation or Formation State	Year of Incorporation of Formation (yyyy)

7 Contact Information - Enter business contact information for all your business entities.

Contact Person	Contact Phone Number (including area code)
Email Address	**FAX Number (including area code)**

Business Name	Taxpayer Identification Number

Section II - Tax Types

A Sales and Use Tax - Use this area to register for Sales and Use Taxes. See Instructions.

☐ Check this box if you do not need tax return forms mailed to you.

1 **Filing Options** - For businesses with multiple locations, indicate below how you want to submit your return(s).
- a ☐ File one combined return for all business locations in the same locality.
- b ☐ File one consolidated return for all business locations. (See Instructions.)
- c ☐ File a separate return for each business location.

2 Business Locations - Complete for each location. Photocopy this page if you have more than 2 locations.

a) Add This Location to This Virginia Account Number		
b) Trade Name of Business		c) Business Locality Code
d) Business Physical St. Address - If different from one shown on page 1. (No P.O. Boxes.)	City, State and ZIP Code	
e) Contact Name - If different from one shown on page 1.	Contact Phone Number	Contact Email
f) Mailing Address - If different from above.	City, State and ZIP Code	
g) Principal Business Activity Code	Description of Principal Business Activity At This Location	h) Date Location Opened

i) **Indicate Tax Type(s) and Beginning Tax Liability Date For This Location**
- You may be required to register for Litter Tax in Section F. See instructions.

☐ Retail Sales Tax (In State Dealers) Date _____ ☐ Motor Fuels Tax Date _____

☐ Use Tax (Out of State Dealers) Date _____ ☐ Watercraft Tax Date _____

☐ Consumer Use Tax Date _____ ☐ Tire Recycling Fee Date _____

☐ Aircraft Tax Date _____ No. Aircraft Owned Previous Year: _____

Virginia Commercial Fleet Aircraft License Number: _____

j) **Seasonal Business** - Check months you are active. (Complete if you are only open part of the year.)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC

k) ☐ **Specialty Dealer** - Check this box if you sell at flea markets, craft shows, etc. at various locations in Virginia.

3 Additional Business Location - Complete for additional location.

a) Add This Location to This Virginia Account Number		
b) Trade Name of Business		c) Business Locality Code
d) Business Physical Street Address (May not be a P.O. Box.)	City, State and ZIP Code	
e) Contact Name	Contact Phone Number	Contact Email
f) Mailing Address - If different from above.	City, State and ZIP Code	
g) Principal Business Activity Code	Description of Principal Business Activity At This Location	h) Date Location Opened

i) **Indicate Tax Type(s) and Beginning Tax Liability Date For This Location**
- You may be required to register for Litter Tax in Section F. See instructions.

☐ Retail Sales Tax (In State Dealers) Date _____ ☐ Motor Fuels Tax Date _____

☐ Use Tax (Out of State Dealers) Date _____ ☐ Watercraft Tax Date _____

☐ Consumer Use Tax Date _____ ☐ Tire Recycling Fee Date _____

☐ Aircraft Tax Date _____ No. Aircraft Owned Previous Year: _____

Virginia Commercial Fleet Aircraft License Number: _____

j) **Seasonal Business** - Check months you are active. (Complete if you are only open part of the year.)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC

k) ☐ **Specialty Dealer** - Check this box if you sell at flea markets, craft shows, etc. at various locations in Virginia.

Business Name	Taxpayer Identification Number

B Vending Machine Sales Tax

For Existing Accounts, Enter Virginia Account Number	Date You Became Liable for Vending Machine Tax

1 City or County and Locality Code - Enter each locality you will operate vending machines (see instructions).

	Locality 1	Locality 2	Locality 3	Locality 4	Locality 5	Locality 6
City or County						
Locality Code						

C Withholding Tax

For Existing Accounts, Enter Virginia Account Number	Date You Became Liable for Withholding Tax

☐ Check this box if you do not need tax return forms mailed to you.

1 Filing Frequency - Based on the Virginia Income Tax you expect to withhold each quarter.

☐ Quarterly Filer - Less than $300 per quarter ☐ Semi-Weekly Filer - $3,000 or greater per quarter

☐ Monthly Filer - Between $300 and $3,000 per quarter ☐ Infrequent Filer - Pension Plans Only

2 Seasonal Business - Check months you are active. (Complete if you are only open part of the year.)

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC

3 Mailing Address - If different from one shown on page 1.

Street Address or P.O. Box	City, State, ZIP Code

4 Contact Information - If different from one shown on page 1.

Name	Contact Phone Number	Email Address

D Corporate Income Tax

For Existing Accounts, Enter Virginia Account Number	Date You Became Liable for Corporate Tax

1 Tax Year - Must be same as your Federal taxable year. Check one.

☐ Calendar Year Filer (1/1 - 12/31) OR ☐ Fiscal Year Filer (Enter fiscal beginning and ending month of your taxable year.

Beginning _____ Ending _____)

2 Contact Information

Name	Contact Phone Number	Email Address

3 Mailing Address - If different from one shown on page 1.

Street Address or P.O. Box	City, State and ZIP Code

4 Subsidiary or Affiliate - Complete the following if this business is a subsidiary or affiliated with another business.

Parent Company's Business Name	Parent Company's FEIN

Parent Company's Street Address or P.O. Box	City, State and ZIP Code

E Pass-Through Entity Return of Information

For Existing Accounts, Enter Virginia Account Number	Date of Formation

1 Tax Year - Must be same as your Federal taxable year. Check one.

☐ Calendar Year Filer (1/1 - 12/31) OR ☐ Fiscal Year Filer (Enter fiscal beginning and ending month of your taxable year.

Beginning _____ Ending _____)

2 Contact Information

Name	Contact Phone Number	Email Address

3 Mailing Address - If different from one shown on page 1.

Street Address or P.O. Box	City, State and ZIP Code

Business Name	Taxpayer Identification Number

F Miscellaneous Taxes

Tax Type - See instructions. Indicate tax type and the date you became liable.

☐ Corn Assessment	Date _____	☐ Peanut Excise Tax	Date _____
☐ Cotton Assessment	Date _____	☐ Sheep Assessment	Date _____
☐ Egg Excise Tax	Date _____	☐ Small Grains Assessment	Date _____
☐ Forest Products Tax	Date _____	☐ Soft Drink Excise Tax	Date _____
☐ Litter Tax	Date _____	☐ Soybean Assessment	Date _____
☐ Other Tobacco Products	Date _____	☐ Other _____	Date _____

For Other Tobacco Products, Check One ☐ Wholesaler ☐ Chain Store ☐ Retailer

Section III - Responsible Officer(s)

Section 58.1-1813 of the Code of Virginia provides that a corporate or partnership officer may be held personally liable for any of the taxes registered on this form if that person willfully fails to pay, collect or truthfully account for the tax, or willfully attempts in any way to evade, defeat or not pay the tax. Notify the Department of Taxation when there is a change of responsible officers. Notification must be in writing and include changes in names, addresses and telephone numbers.

- Complete this line for each responsible officer who is an owner, partner, member, corporation officer or trustee.
- Attach additional pages, if needed.
- In the case of a limited partnership, complete this line for each general partner.
- See instructions for additional information.

Notify the Department of Taxation when there is a change of responsible officers.

1	a) Name of Responsible Officer			b) SSN
	c) Relationship Title	d) Date Became Officer	e) Home Phone Number	f) Email address
	g) Home Street Address Or P.O. Box			City, State, ZIP Code
2	a) Name of Responsible Officer			b) SSN
	c) Relationship Title	d) Date Became Officer	e) Home Phone Number	f) Email address
	g) Home Street Address Or P.O. Box			City, State, ZIP Code
3	a) Name of Responsible Officer			b) SSN
	c) Relationship Title	d) Date Became Officer	e) Home Phone Number	f) Email address
	g) Home Street Address Or P.O. Box			City, State, ZIP Code

Section IV - Electronic Funds Transfer (EFT)

- Businesses with an average monthly Virginia employer withholding, sales and use, or corporation income tax liability exceeding $20,000 are required by law to pay that tax by Electronic Funds Transfer (EFT).
- This threshold applies to each tax separately.
- Check the box for each tax that EFT is required.

☐ Sales & Use Tax (In-State Dealers) ☐ Use Tax (Out-Of-State Dealers) ☐ Corporation Income Tax ☐ Employer Withholding Tax

☐ Check here if you would like to receive an EFT guide, even though you are not required to pay by EFT.

Section V - Signature

Important - Read Before Signing

This registration form must be signed by an officer of the corporation, limited liability company or unincorporated association, who is authorized to sign on behalf of the organization. The proprietor must sign for a sole proprietorship.

Under penalty of law, I believe the information on the application to be true and correct.

Signature	Title	
Name - Printed	Date	Daytime Phone Number

-
-
- 3

[3] www.tax.virginia.gov/

Figure 5

Operating Agreement

of

RENT-ASA LLC

---

adopted by
Michael P. Wischnewski, PE

Limited Liability Company Operating Agreement for
RENT-ASA LLC

This limited liability company operation agreement ("the Agreement") is made and entered into as of the 28th day of June, 2006 by and among:

Michael Paul Wischnewski
Lori Renee Wischnewski

and each individual or business entity as shall be subsequently admitted to the Company. These individuals and/or business entities shall be known as and referred to as "Members" and individually as a "Member." WHEREAS, the parties have formed a Limited Liability Company named above through their initial registered agent Michael Paul Wischnewski pursuant to the laws of the State of Virginia. NOW, in consideration of the conditions and mutual covenants contained herein, and for good and valuable consideration, the parties agree upon the following terms and conditions:

Article I: Company Formation

1. The members hereby form and organize the company as a Limited Liability Company subject to the provisions of the VA Limited Liability Company Act in effect as of this date. Articles of Organization shall be filed with the VA Secretary of State.

2. The members agree to execute this Operating Agreement and hereby acknowledge for good and valuable consideration receipt thereof. It is the intention of the members that this Operating Agreement shall be the sole source of agreement of the parties.

In the event any provision of this Operating Agreement is prohibited or rendered ineffective under the laws of Virginia, this Operating Agreement shall be considered amended to conform to the LLC Act as set forth in the Code of VA. The invalidity of any provision of this Operating Agreement shall not affect the subsequent validity of any other provisions of this Operating Agreement.

3. Name. The name of the company shall be RENT-ASA LLC. The business of the company shall be conducted under that name or such trade or fictitious names as the members may determine.

4. Date of Formation. This Operating Agreement shall become effective upon its filing with and acceptance by the appropriate state agency.

5. Registered Agent and Office. The company's initial registered agent and registered office shall be Michael Wischnewski at 60 Cherry Laurel Drive Fredericksburg, VA 22405. Managing members may change the registered agent or registered office at any time, by filing the necessary documents with the appropriate state agency. Should managing members fail to act in this regard, any member may file such notice of change in registered agent or registered office.

6. Term. The company shall continue for a period of thirty (30) years from the date of formation unless:

a. The term is extended by amendment of the Operating Agreement. Members shall have the right to continue the business of the Company and may exercise that right by the unanimous vote of the remaining Members within ninety (90) days after the occurrence of the event described below.

b. The company is dissolved by a majority vote of the membership.

c. The death, resignation, expulsion, retirement, bankruptcy, incapacity or any other event that terminates the continued membership of a Member of the Company.

d. Any event which makes it unlawful for the business of the Company to be carried on by the Members.

e. Any other event causing the dissolution of a Limited Liability Company under the laws of the State of VA.

Article II: Business Purpose

It is the purpose of the Company to engage in the Rental of Real Estate. The foregoing purposes and activities will be interpreted as examples only and not as limitations, and nothing therein shall be deemed as prohibiting the Company from extending its activities to any related or otherwise permissible lawful business purpose which may become necessary, profitable or desirable for the furtherance of the company objectives expressed above.

Article III: Capital Contributions

1. Initial Contributions. Each Member shall contribute to the Company capital prior to or simultaneously with, the execution of this Agreement. Each Member shall have made initial capital contributions in the following amounts:

Name of Member	Value of Capital Contribution
Michael Paul Wischnewski	$25,000
Lori Renee Wischnewski	$25,000

No interest shall accrue on initial capital contributions.

2. Additional Capital Contributions. If management decides that additional capital contributions are necessary for operating expenses or to meet other obligations, notice must be sent to each Member setting forth each Member's share of the total contribution. Such notice must be in writing and delivered to the Member at least ten (10) business days prior to the date the contribution is due. Any such additional capital contribution is strictly voluntary and any such commitment is to be considered a loan of capital by the Member to the Company. Such additional capital contribution does not in any way increase percentage of membership interest. This loan shall bear interest at 1.5 points above the current prime rate. Any loan under this subsection shall be paid in full before any distributions are made under Article IV.

3. Third Party Beneficiaries. Nothing in the foregoing sections is intended to benefit any creditor or third party to whom obligations are owed without the expressed written consent of the Company or any of its Members.

4. Capital Accounts. A capital account shall be established by the Company for each Member. The capital account shall consist of:

a. The amount of the Member's Capital Contributions to the Company including the fair market value of any property so contributed to the Company or distributed by the Company to the Member.

b. Member's share of net profits or net losses and of any separate allocations of income, gain (including unrealized gain), loss or deduction. The maintenance of capital accounts shall at all times be in accordance with the requirements of state law.

5. Additional Provisions:

a. Capital accounts shall be non-interest bearing accounts.

b. Until the dissolution of the company, no Member may receive Company property in return for Capital contributions.

c. The liability of any member for the losses or obligations incurred by the Company shall be limited to: Payment of capital contributions when due, pro rata share of undistributed Company assets and only to the extent required by law, any previous distributions to that Member from the Company.

Article IV: Profits, Losses, Allocations and Distributions

1. Allocations. Net profits, losses, gains, deductions and credits from operations and financing shall be distributed among the Members in proportion to their respective interest and at such time as shall be determined by the Members.

2. Distributions. Management may make distributions annually or more frequently if there is excess cash on hand after providing for appropriate expenses and liabilities. Such interim distributions are allocated to each Member according to percentage of membership interest.

Article V: Management

1. Managing Members. The names and addresses of Managing Members are:

Name	Address
Michael Paul Wischnewski	60 Cherry Laurel Drive Fredericksburg, VA 22405
Lori Renee Wischnewski	60 Cherry Laurel Drive Fredericksburg, VA 22405

Managing Members shall make decisions regarding the usual affairs of the Company. A majority vote of the membership shall name as many managers as the Membership deem necessary and the membership shall elect one Chief Operating Manager who is responsible for carrying out the decisions of the managers.

2. Number of Managers. The membership may elect one, but not fewer than one, manager.

3. Term of Office. The term of office is not contractual but continues until:

a. A fixed term of office, as designated by the membership, expires.

b. The manager is removed with or without cause, by a majority vote of the membership.

c. The dissociation of such manager.

4. Authority of Managers. Only managing members and authorized agents shall have the power to bind the Company. Each managing member is authorized on the Company's behalf to:

a. Purchase, or otherwise acquire, sell, develop, pledge, convey, exchange, lease or otherwise dispose of Company assets wherever located.

b. Initiate, prosecute and defend any proceeding on behalf of the Company.

c. Incur and secure liabilities and obligations on behalf of the Company.

d. Lend, invest or re-invest company assets as security for repayment. Money may be lent to members, employees and agents of the Company.

e. Appoint officers and agents, and hire employees. It is also the province of management to define duties and establish levels of compensation. Management compensation will be determined by majority Membership vote.

f. Execute and deliver all contracts, conveyances, assignments, leases, subleases, franchise and licensing agreements, promissory notes, loans, security agreements or any other kind relating to Company business.

g. Establish pensions, trusts, life insurance, incentive plans or any variation thereof, for the benefit of any or all current or former employees, members and agents of the Company.

h. Make charitable donations in the Company's name.

i. Seek advice from members not part of elected management, although, such advice need not be heeded.

j. Supply, upon the request of any Member, information about the Company or any of its activities including but not limited to, access to company records for the purpose of inspecting and copying company books, records and materials in the possession of management. The Requesting Member shall be responsible for any expenses incurred in the exercise of these rights set forth in this document.

5. Standard of Care and Exculpation. Any member of management must refrain from engaging in grossly negligent, reckless or intentional misconduct. Any act or omission of a member of management that results in loss or damage to the company or Member, if done in good faith, shall not make the manager liable to the Members.

6. Indemnification. The Company shall indemnify its Members, Managers, employees and agents as follows:

a. Every Manager, agent, or employee of the Company shall be indemnified by the Company against all expenses and liabilities, including counsel fees reasonably incurred by him in connection with any proceeding to which he may become involved, by reason of his being or having been a Member of the Company or having served at the request of the Company as a Manager, employee, or agent of the Company or any settlement thereof, whether or not he is a manager, employee or agent at the time such expenses are incurred, except in such cases wherein the Manager, agent or employee is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement the indemnification herein shall apply only when the Managers approve such settlement and reimbursement as being for the best interests of the Company.

b. The Company shall provide to any person who is or was a Member, Manager, employee, or agent of the Company or is or was serving at the request of the Company as Manager, employee, or agent of the Company, the indemnity against expenses of suit, litigation or other proceedings which is specifically permissible under applicable law.

Article VI: Tax and Accounting Matters

1. Bank Accounts. Management shall establish bank accounts, deposit company funds in those accounts and make disbursements from those accounts.

2. Accounting Method. The cash method of accounting shall be the accounting method used to keep records of receipts and disbursements.

3. TMP. A Tax Matter Partner shall be designated by the management of the company as designated by the IRS Code.

4. Years. The fiscal and tax years of the Company shall be chosen by management.

5. Accountant. An independent accountant shall be selected by management.

Article VII: Member Dissociation

1. Upon the first occurrence of any of the following events, a person shall cease to be a member of the Company:

a. The bankruptcy of the member.

b. The death or court-ordered adjudication of incapacity of the member.

c. The withdrawal of a member with the consent of a majority vote of the remaining membership.

d. The dissolution and winding up of the non-corporate business member including the termination of a trust.

e. The filing of a Certificate of Dissolution by the corporate member.

f. The complete liquidation of an estate's interest in the LLC.

g. The expulsion of the member with the majority consent of the remaining membership.

h. The expiration of the term specified in Article I, section 6.

2. Option to Purchase Interest. In the event of dissociation of a Member, the Company shall have the right to purchase the former Member's interest at current fair market value.

Article VIII: Disposition of Membership Interests

1. Prohibitions.

a. No membership interest, be it a sale, assignment, exchange, transfer, mortgage, pledge or grant, shall be disposed of if the disposition would result in the dissolution of the Company without full compliance with all appropriate state and federal laws.

b. No member may in any way alienate all or part of his membership interest in the Company be it through assignment, conveyance, encumbrance or sale, without the prior written consent of the majority of the remaining members. Such consent may be given, withheld or delayed as the remaining members see fit.

2. Permissions. A Member may assign his membership interest in the Company subject to the provisions in this article. The assignment of membership interest does not in itself entitle the assignee to participate in the management of the Company nor is the assignee entitled to become a member of the Company. The assignee is not a substitute member but only an assignee of membership interest and as such, is entitled to receive the income and distributions the assigning member would have otherwise received.

3. Substitute Membership. Only upon the unanimous consent of the remaining members may an assignee of membership interest become a substitute member and be entitled to all rights associated with the assignor. Upon such admission, the substitute member is subject to all restrictions and liabilities of a Member.

Article IX: Meetings

1. VOTING. All members shall have the right to vote on all of the following:

a. The dissolution of the Company.

b. The merger of the Company.

c. Any transaction involving any potential conflict of interest.

d. An amendment to the Articles of Organization or to the Operating Agreement.

e. The transfer or disposition of all Company assets outside the ordinary course of business.

2. Required Vote. Unless a greater vote is required by statute or the Articles of Organization, an affirmative vote of the majority of the membership shall be required.

3. Meetings.

a. The manager(s) shall hold an annual meeting at a time and place of their choosing.

b. Special meetings of the membership may be called at any time by the manager(s) or by at least ten (10%) of the membership interest of all members. Written notice of such meeting must be provided at least sixty (60) business days prior and not later than ten (10) days before the date of the meeting. A member may elect to participate in any meeting via telephone.

4. Consent. In the absence of an annual or special meeting and in the absence of a vote, any action required to be taken may be permitted with the written consent of the members having not less than the minimum number of votes required to authorize such action at a meeting.

Article X: Dissolution and Termination

In the event a dissolution event occurs the remaining membership shall have the option to elect to continue the company as defined by Article I, section 6.

1. Merger. In the event the election to continue the company following a dissolution event is not obtained, a majority vote of the remaining members may elect to reconstitute the Company through merger with and into another Limited Liability Company pursuant to applicable state law.

2. Winding Up. If the members do not elect to continue the Company or reconstitute it, the Manager or other person selected by a majority vote of the membership shall wind up the Company.

3. Final Distributions. After all Company assets have been liquidated and all Company debts have been paid, the proceeds of such liquidation shall be distributed to members in accordance with their capital account balance. Liquidation proceeds shall be paid within days of the end of the Company's taxable year or, if later, within days after the date of liquidation.

4. Dissolution. Upon completion of the winding up period, the Manager or other person selected shall file with the Secretary of State the Certificate of Dissolution or its equivalent and any other appropriate documents as required by law.

IN WITNESS WHEREOF, the parties hereto make and execute this Operating Agreement on the dates set below their names, to be effective on the date first above written.

Signed and Agreed this 28th day of June, 2006.

By

Manager: Michael Paul Wischnewski

Member: Lori Renee Wischnewski

•

Figure 6

Minutes of 1st Meeting

A regular meeting of the Managers of RENT-ASA LLC was held at 60 Cherry Laurel Drive Fredericksburg, VA 22405 on 28 June, 2006, at 6 o'clock p.m.

The following were present and participated at the meeting:

Michael Paul Wischnewski
Lori Renee Wischnewski

being all the Managers of the Company.

Michael Paul Wischnewski, Chief Operating Manager of the Company, acted as Chairman of the meeting, and Lori Renee Wischnewski, Secretary of the Company, acted as Secretary of the meeting.

The Secretary put forth a waiver of notice of the meeting, signed by all the Managers, and accordingly filed the waiver of notice with the minutes of the meeting.

The Chairman stated that a quorum of the Managers was present, and that the meeting, having been duly convened, could transact business.

The minutes of the regular meeting of the Managers held on , 20 , were read and approved. **N/A**

On the motion duly made and seconded, and after due deliberation, the following resolution was made:
1) Our company name would be "RENT-ASA LLC"
2) We are in the real estate development business for the long-term. Therefore, the intention of this company is to purchase property, repair as needed, and advertise on the rental market.

A vote was taken which showed:

In Favor of Motion

Michael Paul Wischnewski	representing 25 shares
Lori Renee Wischnewski	representing 25 shares

	representing	shares

Opposed to Motion

	representing	shares
	representing	shares
	representing	shares

Not Voting on Motion

	representing	shares
	representing	shares
	representing	shares

The Secretary announced that 50 shares had been voted in favor of the said resolution and 0 shares had been voted against said resolution, said vote representing more than 50 percent of outstanding shares in attendance and entitled to vote thereon.

The Managers thereafter declared that the resolution had been duly adopted.

There being no further business, upon motion duly made, the meeting adjourned.

Lori Renee Wischnewski

Secretary

28 June 2006
Date

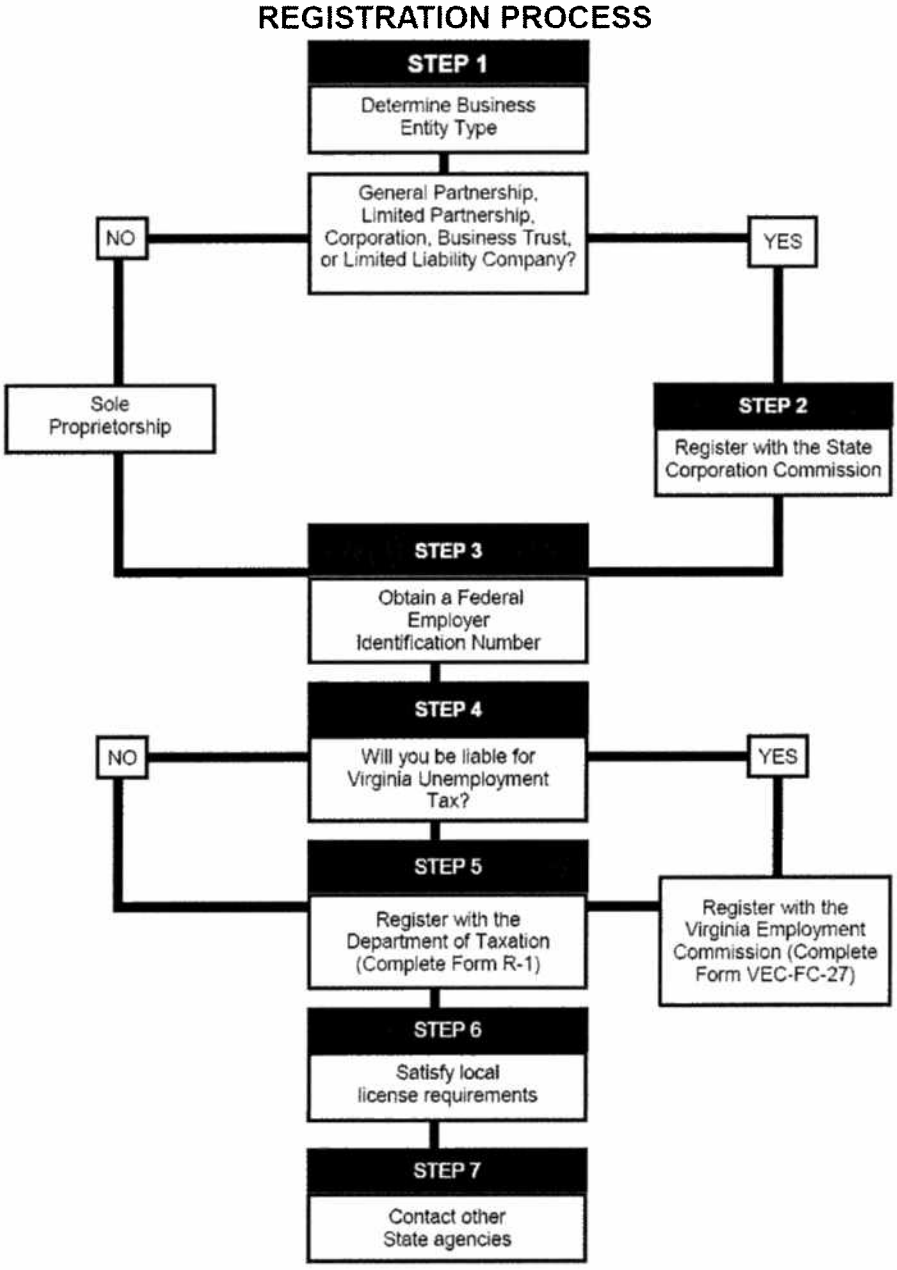
Figure 7

Limited Liability Company Register

Name & Address of Partner:	Michael Paul Wischnewski
Dates of Membership:	From 28 June 2006 to indefinite
Title:	Chief Operating Manager
Director, Member, Manager, or Assignee:	Manager
Capital Contribution (cash, property, etc.):	$25,000
Name & Address of Partner:	Lori Renee Wischnewski
Dates of Membership:	From 28 June 2006 to indefinite
Title:	Secretary
Director, Member, Manager, or Assignee:	Member
Capital Contribution (cash, property, etc.):	$25,000

List of Illustrations

Illustration 1



4

[4] www.scc.virginia.gov/division/clk/forms/brg.pdf (Business Registration Guide 8th Ed 2005)

Illustration 2

RENT-ASA LLC

MICHAEL P WISCHNEWSKI, PE

Chief Operating Manager

Cell: 540.408.4437
Fax: 540.361.1942
Email: michael@asa-corp.net
Web: www.asa-corp.net

Illustration 3

RENT-ASA

Illustration 4

Confidence course at Fort A. P. Hill

Illustration 5

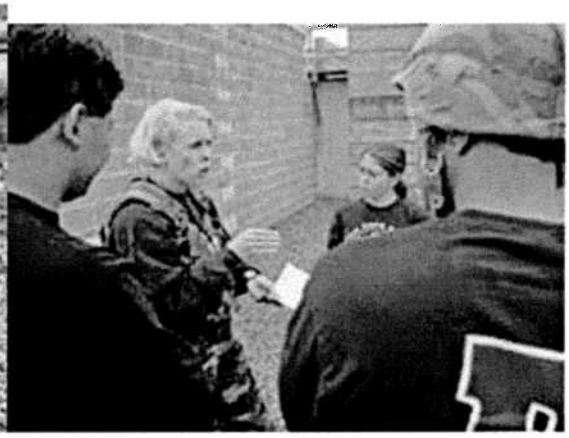


Illustration 6

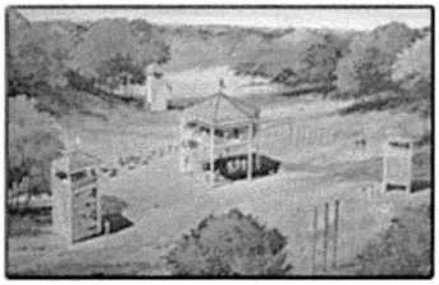
Performance Series - The Performance Series is a collection of custom designs, created for specific organizations, such as corporate training centers, adventure recreation facilities, resorts and conference centers, military or police training centers, and high profile media events.

Factors in design include preference of programming, ability of participants, location of course, architecture of existing facility, preferred staff ratios, and anticipated usage.

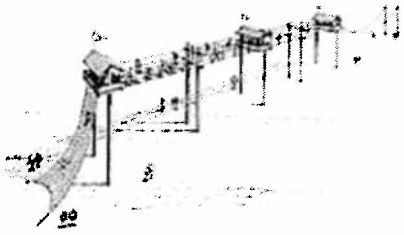
Unlike the other Alpine Tower series, these designs are generally created in a design/build relationship with the client. As such, our team of experts can tailor the design to meet the explicit training needs of the organization.

Several examples of a Performance Series design are:

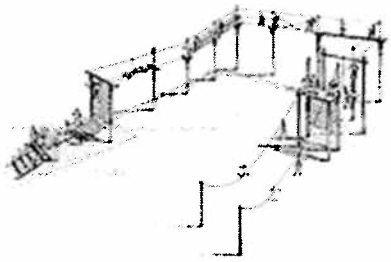
Synergy Course
Designed for corporate training, this structure was created as an activity of a rigorous teamwork course at a corporate university. Designed as the culminating event after several visits to a low initiatives course, the design allows a group of 36 adults to embark on a capstone activity with a final debriefing area in the center.



Odyssey Course
Designed for a heavily visited recreation and education center with a limited site, this course requires minimal staff management, with maximum focus on small teams working together to successfully complete the course.



R.E.C. Course
Designed for cadet training programs, this course closely resembles military obstacle courses or field leadership reaction courses.



Ropes Exercise Conditioning Course - The Ropes Exercise Conditioning Course (R.E.C. Course) was developed specifically for use as a cadet and troop training ropes course, focusing on team and character development while offering an integrated physical fitness experience congruent with training standards.[5]

[5] www.alpinetowers.com/photos/performanceseries.html

Chapter 1: Introduction

In researching the various licensing requirements, I started at the Virginia state level. Then I looked at Stafford County to determine any local licensing, permits or zoning requirements. I could easily have bought software or went through a website to provide me with all of the documentation required to form an LLC. However, as an academic exercise, I wanted to really understand the process. Therefore, I researched the entire procedure of forming an LLC and have documented the step by step process.

Chapter 2: Business Acquisition

2.1 Registering as a Limited Liability Company

I have formed a limited liability company (LLC) from what was previously operated as a sole proprietorship. Now that I have four rental properties, I wanted the personal asset protection of a corporation with the pass through tax benefits of a partnership. I also wanted the flexible management structure that an LLC provides without the paperwork of a corporation. I have followed the registration process as outlined in illustration 1 taken from the Business Registration Guide, 8th edition 2005. When I went to register the name "ASA-Corp", I found out that it was not available. Then I tried to register under the name "BUY FIX RENT @ ASA-Corp LLC". However, JANA P. Leonard, a lawyer with the Virginia State Corporation Commission, sent me a letter stating that "it would appear to be unlawful for a limited liability company to transact or offer to transact business under a name that includes 'Corp'." As referenced in section 13.1-1012 B of the code of Virginia. I finally registered under the name "RENT-ASA LLC" and I completed the Articles of Organization (Form LLC-1011) as shown in Figure 1 and filed them with the Virginia State Corporation Commission. There is a

fee of $100 to register the business. My wife, Lori, and I are the only members of the company. I will be the Registered Agent for the company and as the senior member, I will also be known as the Chief Operating Manager. The Operating Agreement for the company is shown in figure 5. ASA will conduct quarterly meetings with documented minutes. The first meeting was held on 28 June, 2006 and the minutes are shown in figure 6. The company Register is shown in figure 7. There were no stocks issued. However, Lori and I have each provided an initial capital contribution of $25,000 for a total of $50,000. Each initial share is valued at $1,000. Therefore, we each own 25 shares and 50% of the business. This will become more relevant in the future if we decide to solicit private investors or sell interest in the company. I am filing in Virginia because that is my current primary residence. ASA currently has one rental property in Chesapeake, VA, two rental properties in Charlotte, NC, and one rental property in Fredericksburg, VA. (See website www.asa-corp.net)

2.2 Business License

This entity will only conduct business under the legal name of RENT-ASA LLC; therefore, I do not have to file an *assumed or fictitious name certificate* with the Office of the Clerk of the Circuit Court for Stafford County or the Clerk of the State Corporation Commission. I have contacted the local County Commissioner of the Revenue to determine if there are any local licensing requirements.[6] I have also checked with the local zoning and planning department to ensure that I can legally conduct business from my home office. A business license is not required in Stafford County[7] as indicated by the letter from Bob Carter, the Assistant Director of Stafford County's Economic Development, as shown in figure 2.

[6] www.gostaffordva.com/Government-Regulations-Your-Business.cfm
[7] www.co.stafford.va.us/Business/Starting_A_Business/Index.shtml

Stafford County is where both my primary residence and business office are located. As a limited liability company, I am required to obtain a Federal Employee Identification Number (EIN). The EIN can be obtained by calling the Business & Specialty Tax Line at 1800-829-4933. [8] The EIN form is shown is Figure 3. There are no state agencies that need to be contacted.

2.3 Advertising

ASA currently advertises its properties through a professional manager, the local paper, word of mouth, and "FOR RENT" signs posted along busy roads. Interestingly enough, I have discovered through experience that the conspicuously posted "FOR RENT" sign attracts more attention than a web site and just as much as an expensive ad in the local paper. I have created a five page web site (www.asa-corp.net) and email address (michael@asa-corp.net). I have drafted a typical business card which is shown in illustration 2. However, I am going to wait to get business cards printed. I ordered a vanity license plate (see illustration 3) because I needed to renew the registration on one of our vehicles anyway. I have decided not to advertise in the yellow pages until I am a larger company and I can justify the cost-benefit. I have decided to postpone getting both a toll-free number and a company logo. I looked at several sites offering to setup a toll-free number including www.mytollfreenumber.com[9]. I checked the rates and number availability. I was interested in getting 18**-RENTASA (18**-736-8272) as a toll-free number so that customers and contractors could conveniently contact me. Unfortunately, that number was not available. The listed web site offers 10 cents per minute on all interstate phone calls and it varies up to 15 cents per minute for intrastate

[8] www.irs.gov
[9] www.mytollfreenumber.com

calls which would include North Carolina. There is a one time setup fee of $95. On the surface it sounds like a great marketing tool. However, most sites won't give you a rate quote upfront unless you provide personal contact information, which I wasn't prepared to do. I was skeptical about all of the hidden costs that would be associated with getting a vanity number and I couldn't justify the cost at this point. I also visited www.logoyes.com[10] to look at a logo for the company. However, I wasn't impressed with the level of sophistication for them to email me my logo for $100. I would still need to register the logo as a trademark for $30 with the State Corporation Commission and also apply for a copyright. Therefore, I will put these both on the shelf for now.

2.4 Taxes

I have started a separate checking account and have obtained a credit card for ASA. I have set up a system to file my tax deductible expenses. At this point, I have decided to do my own taxes next year with TurboTax. However, I am prepared to hire an accountant if it gets too complicated. I have read "Every Landlord's Tax Deduction Guide".[11] This has helped me understand basic tax code and deductions for business owners. The IRS regulations allow an LLC to choose weather to be taxed as a corporation or a partnership. I am choosing to be taxed as a partnership. This means that I will avoid double taxation. All profits will pass through the business and be taxed according to my personal income tax bracket. An LLC allows for a more flexible allocation of profit and losses which means that I can offset any profit on another business with a loss on this business. I am prepared to take a loss for the first five years. This should allow an adequate amount of time for the rental rates to increase to cover all of my

[10] www.logoyes.com
[11] Every Landlord's Tax Deduction Guide 1st edition by *Nolo*

expenses associated with ASA. I will be responsible to pay property tax on all of the rentals. However, the bank automatically escrows and pays this from my account. Also, property tax is an expense which is tax deductible. ASA will not have any employees; therefore, it will not be liable for Virginia unemployment tax. Consequently, I will register with the Department of Taxation after completing Form R-1 as shown in Figure 4.

2.5 Financials

Currently, all of ASA's properties are financed through bank mortgages and personal assets. I have drafted a generic Business Plan in section 3.3. This will be modified to reflect each unique property acquisition when it is time to apply for bank financing. I will investigate the new fifty year mortgages along with construction/development funding. However, I don't plan on soliciting funds from private investors. I project that ASA will have ten SFH's as rental properties in its portfolio by 2010. At that time I plan to re-finance one house per year and use that equity to purchase multi-family homes and commercial properties. This will allow the SFH's to accrue a minimum of ten years of equity.

2.6 Minimizing Risk

I know that risk can not be avoided, but it can be mitigated. Therefore, I have read several books on real estate development. Each of the four SFH's has their own hazard and applicable flood insurance. ASA also has a $500K blanket liability policy which I intend to increase. I have decided to hire contractors to do the menial tasks that would not be cost effective for me to do or that is beyond my capability. This should increase business efficiency and provide maximum management flexibility. Hiring a contractor will be more expensive than having in-house labor. However, at this time I don't have enough work to

keep one person gainfully employed. I can also avoid having to pay for expensive benefits. I have started to maintain a list of professional, licensed, and fully insured contractors that perform various services. This will allow me to minimize the time that I have to spend micro managing them and it will also transfer some of the risk.

Chapter 3: Land Acquisition

3.1 Market Research

I have been searching on the internet for property and have narrowed my search to eastern West Virginia or western Virginia. Acreage is relatively cheap in this area. It is typical to find 100 acres with a house and out buildings for around $250,000. There is also a very large population base to draw from. According to the 2000 census, there are approximately 13.5 million people in the DC, Baltimore, Cleveland, Columbus and Pittsburg metro areas. All of these cities are within a convenient 3-hour drive.[12] I have conducted internet research to determine what leadership training is currently available in the area. I found that two military bases, Fort A. P. Hill just south of Fredericksburg and Quantico Marine Corps Base just north of Fredericksburg, offer similar type training to what I was considering. Fort A. P. Hill has a Confidence Course (see illustration 4) and a Leadership Reaction Course (LRC) (see illustration 5). The confidence course consists of four 18-event obstacle courses. The Leaders Reaction Course (LRC) consists of seventeen challenging events (ten with water hazards) for building leadership qualities.[13] The prestigious Wharton School of the University of Pennsylvania, the nation's first collegiate business school, sends students to Quantico's

[12] www.census.gov/population/www/cen2000/phc-t29.html
[13] www.aphill.army.mil/sites/training/trainingfacilities.asp#g

Leadership Reaction Course. Wharton Leadership Ventures provides an intense experience in leadership development by focusing on a single arena of decision making and action. This venture builds upon the programs and facilities of the U.S. Marine Corps for developing leadership at its Officer Candidate School in Quantico, Virginia. Drawing on its famed Leadership Reaction Course and Combat Course, the two-day program provides learning experiences for Wharton School students and graduates, and for participants in Wharton Executive Education programs. They are designed to bring participants into settings where they can learn from the experience of others whose leadership was on the line, and also from their own experience in confronting challenges and solving problems. The ventures provide a set of engaged, hands-on experiences for exploring and mastering the capabilities for effective individual and team leadership in business and beyond. They are intended to assist participants in improving their capacities to think strategically, communicate effectively, and act decisively. They are designed to foster forward thinking, a bias for action, risk awareness, and fast decisions.[14]

3.2 Feasibility Study

The most feasible way to finance this endeavor is to purchase a distressed SFH with outbuildings and acreage as my personal primary residence. That way I can obtain a thirty year mortgage with 100% financing and even finance my closing costs. I will purchase the property, renovate it as necessary, build sweat equity quickly, get a new appraisal, and refinance it. I have looked at other similar operations to get ideas and decide what works and what doesn't. Besides the military training, there is an established organization called

[14] www.leadership.wharton.upenn.edu/l_change/trips/index.shtml

"Outreach America" in North Carolina that I have referenced.[15] My feasibility study included researching other organizations in the area that provide similar services and determine what I can provide that they don't or cannot. I believe that I will be able to provide the same "team building" and "leadership" training at a fraction of the cost. I will not be running a non-profit organization; however, I will not need a significant cash flow to keep my operation running. I will have low overhead, because the business will be conducted at my personal residence. I will have additional general grounds upkeep, maintenance, and utility costs. There will also be some costs associated with administrative supplies. However, all of these costs would be minimum.

3.3 Business Plan

The Cover Sheet and Statement of Purpose will change depending on who I am submitting this plan to and for what purpose.

1) Description of the business

RENT-ASA LLC is a long-term real estate development company that buys properties, renovates as necessary, and then rents the property through a professional property manager. ASA is not in business to flip properties. ASA currently has one rental property in Chesapeake, VA, two in Charlotte, NC, one in Fredericksburg, VA, and is the process of buying a fifth property in Central, MN. All of the current properties are single family homes (SFH's). However, ASA will be expanding into multifamily homes and commercial rental properties.

[15] www.outreachamerica.org

2) Marketing

ASA currently advertises its properties through a professional manager, the local paper, and "FOR RENT" signs posted along busy roads. The business is also advertised through a five page website (www.asa-corp.net), word of mouth, and business cards (see illustration 2) and a vanity license plate (see illustration 3).

3) Financial

ASA has only been doing business for three years and therefore does not have a significant cash flow. However, there is over $200,000 of equity available as collateral. The properties that ASA purchases are currently financed with these personal assets.

4) Management

I have personally managed the Chesapeake, VA property for three years and I employ a Professional Property Manager for the two properties in Charlotte, NC. I plan to also personally manage the Fredericksburg property when it becomes available. My wife assists me with the administrative paperwork.

5) Insurance

ASA has applicable hazard and flood insurance on all of its individual properties through Nationwide Insurance Company. ASA also has a $500,000 blanket liability policy that covers all of the properties including my personal residence.

6) Tax Returns

I would provide a copy of my tax returns for the last three years. This would show that I have been claiming the houses as rental income.

7) Resume of Principals

Michael is currently employed as a Lieutenant in the U.S. Navy and I will have 20 years of active service as of August 2006. I have a BS degree in Mechanical Engineering and I will graduate with an MS degree in Civil Engineering in August 2006. I am a registered Professional Engineer in the state of Virginia.

Lori is currently employees at Mary Washington Hospital. She has a BS degree in Nursing and has been working in the medical field for nearly 20 years.

8) Loan Application

The loan application will obviously vary from one loan to the other.

3.4 Financing

On Friday, May 5, I called Navy Federal Credit Union to discuss the financing of property. I found out that banks are generally not going to finance raw land via a traditional mortgage. Instead, they will finance the raw land with a consumer loan that has a much higher interest rate and shorter payback period. Therefore, I am only looking for property that already has a dwelling on it. This will not only help in getting more favorable financing, but it will ensure that the utilities are readily available. See 3.3 Business Plan for specific financial information concerning the company. Alpine Towers has a Performance Series which is a collection of custom designs, created for specific organizations, such as corporate training centers,

adventure recreation facilities, resorts and conference centers, military or police training centers, and high profile media events (see illustration 6).[16]

Chapter 4: Business Implementation

4.1 Mission Statement

DELTA Venture strives to be recognized globally as a provider of change. We are committed to empowering people through edification, investing in personal relationships, and meeting others at their point of need. Our mission is to profoundly impact the lives of others by fostering and mentoring leaders. We hold fast and stand firm on our core values:

Faith *Integrity* *Discipline* *Service*

4.2 Activities

The Leadership Reaction Course provides intense mental and physical challenges with minimal risk. Teams are broken up into groups of four or five. The course is made up of a number of wet and dry challenges. The challenges last ten minutes and are basically designed to make you fail. The objective of each exercise is to see how you organize yourself and your team as well as what happens when you fail.[17] A typical scenario follows: "Your team has recently been placed into this POW compound. You have noted that the only means of escape is across a moat and over the wall. Most sections of the wall have pressure sensitive alarms and the water is electrified. The bars at the top of the wall are electrified with the exception of two small areas. A two-person guard detail passes by every 10 minutes. You

[16] www.alpinetowers.com/photos/performanceseries.html
[17] www.sanjayparekh.com/archives/2006/04/17/quantico-the-real-world-for-b-schoolers/

have a small crude wooden ladder, a small rope, and a metal pipe. Your mission is to escape the compound with all of your team members in 10 minutes, without injury or detection." Regardless of how far the group progresses in attempting to solve the scenario, the facilitator stops the group at the time limit and begins a debrief—many a cadet was left hanging or dangling, pleading for more time. It is emphasized that the solution is not as important as the process the group used to execute the mission. During the debrief, the facilitator details the group's strengths and weaknesses, identifying the emergent leader, the active team members, the passive team members and the passive followers. The course highlighted many leadership skills such as organizing a group into a cohesive team, directing the group to accomplish the task, allocating resources, tracking progress, gathering information, and making decisions. Some people emerged as strong leaders in this environment that have not done as well in classroom environments. Vice versa, some of the academic leaders have struggled in this active learning environment. This training enabled the participants to significantly learn about themselves and their classmates (peers) in a leadership context. The Leadership Reaction Course enables large groups to go through intense leadership scenarios in short periods of time, imprinting learning objectives through immediate facilitation and assessment. [18] A typical training duration would be Friday evening through Sunday evening.

TYPICAL WEEKEND SCHEDULE

FRIDAY

1730 Group arrives. They would be given a brief tour of the facilities to include their lodging.

1830 They would be allowed to freshen up before dinner.

[18] www.uscg.mil/leadership/essays/essay9.htm

1900-2100 During dinner we would have introductions and we would go over the course outline.

SATURDAY

0500 Wakeup

0600 Breakfast served.

0700 The group would go right into the seven dry trainers. There would be ten minutes per trainer with five minutes to rotate to the next trainer for a total of approximately two hours.

0900 The next two hours would be spent debriefing individual as well as team performance, going over the lessons learned, and identifying the various leadership traits.

1100-1200 lunch in the field

1200 The group would do the ten wet trainers. At ten minutes per trainer again with five minutes to re-stow any gear and rotate, for approximately two and a half hours.

1430 The next two hours would be spent debriefing individual as well as team performance, going over the lessons learned, and identifying the various leadership traits.

1630 Classroom, lecture, and discussion.

1830 freshen up for dinner

1900-2100 Dinner (photo show of day's adventure)

SUNDAY

0700 Breakfast served

***Group is on their own until 1200. They can perform their own training. A non-denominational church service will be provided from 1000-1130.

1200 Individual training. classroom, lecture, and discussion.

1400 Debrief, certificates

1500 Leave

Other activities for extended stays would include: team building games, land navigation, white water rafting, skiing, snow mobiling, horse back riding, and rock climbing.

Chapter 5: Schedule

I generated a small simple schedule in MS Project (see table 1) to keep my tasks in order and on time. I used a seven day a week work schedule which most accurately reflected actual working conditions and was more realistic.

5.1 Milestones

The following is a list of Milestones: Paper Format, Executive Summary, Website, Mission Statement, Register Company, Market Research, Feasibility Study, Business plan, Conclusions, Recommendations, and Hand in Paper.

Chapter 6: Communication Plan

Email will be the primary mode of communications. My email address is mpw@umd.edu or michael@asa-corp.net. Professor Neil Schulman's email address is redruby@aol.com. If necessary, I will meet face to face during office hours. My cell phone number is (540) 408-4437.

Chapter 7: Conclusions

It was a bit of a marketing challenge to register a company name that was also available as a website domain, email address, and license plate. However, "RENT-ASA LLC" seemed to fit perfectly. Lori and I were sentimental about retaining "ASA" as a part of the company name

because that is the first initial of each of our three daughter's names; Anna, Sophia, and Ava. Unfortunately, I registered the website name as www.asa-corp.net before ensuring that the name was available through the Virginia State Corporation Commission. The email address michael@asa-corp.net is tied to the website. Another challenge that I may have to face in the near future is that the Navy is considering transferring me to Maryland. Therefore, I will have to go through the process of researching state, county, and local requirements for operating a business in Maryland. The process of registering as an LLC was actually very simple once all of the forms were located on the Virginia State Corporation Commission web site. It only cost me $100 to register. A web site would easily have charged me $200-300 and an attorney would have cost over $1,500. However, it did take much longer than I anticipated. There were a lot of aspects to this paper that were more involved than I first expected. For example, after nearly completing my five page web site, it crashed on me and I thought that all of the info was lost. I had to contact the company that was hosting the URL and they were able to retrieve most of the backed up info. One of the tenants vacated a property as I started writing this in early June. I have been working with a case worker through Section 8 of the Housing and Urban Development (HUD) to get another tenant into the property. It continues to be a learning experience as I go through that process. I have also had to take a tenant to court in North Carolina for an "Unlawful Detainer" (eviction). This was a long distance learning experience. There are a few more subjects that I would like to add in the future and I will go into more depth on the existing topics as the company progresses. I look forward to incorporating in the next few years. It is actually a very simple process to go from an LLC to a C or an S-Corporation. In conclusion, RENT-ASA is up and running as an LLC and the future foundation has been laid for DELTA Venture.

Chapter 8: Recommendations

I was considering going back to school and getting an MBA so that I could learn more about business. Fortunately, I decided to start my own business and get my degree from the "School of Hard Knocks". I know that an MBA would teach me the technical side of business such as cash flow, pro forma's, and balance sheets. However, no textbook can teach the practical experience one gets from actually operating a small business. It is extremely frustrating at times, but overall it very personally rewarding. I would recommend that anyone interested in business should research the process of registering an LLC or incorporating.

Glossary

LIMITED LIABILITY COMPANY

A limited liability company is an unincorporated association usually having one or more members. It is a separate legal entity that limits the personal liability of all of its owners. Internal Revenue Service regulations allow a limited liability company to choose whether to be taxed as a corporation or as a partnership.

What is a Registered Agent?
This is the person upon whom legal process or notice directed to the business entity can be served. The registered agent's sole statutory duty is to forward to the business entity such process or notice. A business entity is deemed to have received legal process or notice when it is served on its registered agent. To qualify as the registered agent of a business entity, the registered agent must have a business office in Virginia. If the registered agent is an individual, the individual must be a resident of Virginia. The registered agent may also be a Virginia or foreign stock or nonstock corporation, limited liability company or registered limited liability partnership that is authorized to transact business in Virginia.

The Federal Employer Identification Number (EIN) is often used by state agencies as a means of cross-referencing businesses. The State of Virginia strongly encourages all business entities to acquire and use a federal EIN. You are required by law to obtain a federal EIN if you meet one or more of the following conditions:

- You are a sole proprietor with at least one employee or a Keogh Plan.
- Your business is a general partnership or a limited partnership.
- Your business is a corporation.
- Your business is a limited liability company.
- You are a new owner of an existing business which is required to use a federal EIN. (The federal EIN of a former owner cannot be used.)
- You change your form of business from a sole proprietor to a partnership or a corporation. The partnership or corporation must obtain its own federal EIN.
- Certain nonprofit organizations (churches, clubs, etc.), estates, and trusts are required to obtain a federal EIN. Contact the Internal Revenue Service to determine if you are required to obtain a federal EIN.

EIN An Employer Identification Number (EIN), also known as a Federal Tax Identification Number, is a nine-digit number that the IRS assigns to business entities. The IRS uses this number to identify taxpayers that are required to file various business tax returns. EINs are used by employers, sole proprietors, corporations, partnerships, non-profit organizations, trusts and estates, government agencies, certain individuals and other business entities.

Pass-Through Entity Return Of Information – (804) 367-8037. Effective for taxable years beginning on or after January 1, 2004, every pass-through entity (PTE) doing business in Virginia or having income from Virginia sources is required to file a return of income for each taxable year with the Department of Taxation. Pass-through entities include Subchapter S corporations, general partnerships, limited partnerships, limited liability partnerships (LLPs), limited liability companies (LLCs), electing large partnerships and business trusts. A pass-through entity is any entity that is recognized as a separate entity for federal income tax purposes and the owners of which report their distributive or pro rata shares of the entity's income, gains, losses, deductions and credits on their own income tax returns. A single-member LLC that is disregarded as a separate entity for federal income tax purposes will be similarly treated for Virginia income tax.

FICTITIOUS BUSINESS NAME Businesses that use a name other than the owner's must register the fictitious name with the county's Clerk of the Court as required by the Trade Name Registration Act. This does not apply to corporations doing business under their corporate name or to those practicing any profession under a partnership name. For more information contact the Stafford County Circuit Court.

Leadership Reaction Course Practical Application (October 31): A group of evaluators from the Officers Candidate School put the wildland fire participants through the Leadership Reaction Course. In teams of four, the wildland fire participants attempted 5 of the 20 problem-solving exercises that makeup the Leadership Reaction Course. Officer Candidate School is a ten-week evaluation and screening process conducted by senior Non-commissioned Officers that determines if an individual will become a commissioned officer. The Leadership Reaction Course is a key component of that evaluation and screening process. The primary intent of this technique is to assess individual leadership potential by testing their competence in handling a small team that has been charged with accomplishing a mission under conditions of stress.

[19]

[19] www.fireleadership.gov/documents/trip_report.pdf